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Environment Department Doesn't Have a Clue on Housing

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Apartment size target is a game of numbers



LINDA DALY
MARKET
WATCH

I RECENTLY went in search of a Countdown board game. My 10-year-old loves Channel 4's quiz show but especially the maths game. You know the one where you get six random numbers and a three digit target, and try to make the figures add up? Eventually I found an iPhone app equivalent and we've been having great fun trying to solve problems. It's a bit like what the Royal Institute of the Architects of Ireland (RIAI) did last week when it realised that the figures for the new minimum apartment sizes introduced by Alan Kelly, the environment minister, in December don't add up.

Here's a quick snapshot. The minister set developers a target of 45 sq m for one-bed apartments and he threw in some random numbers, like 23 sq m for a living, kitchen and dining area, 11.4 sq m for the bedroom, 3 sq m for storage space and 5 sq m for amenity space. But he forgot to add in the numbers for a bathroom, entrance hall and extra storage presses in the bedroom.

In reality, the minister reduced the overall size of apartments but never reduced the minimum size of bedrooms and living areas. The same also applies to two- and three-bed minimum requirements.

Now it looks like there will have to be a downsizing of minimum room requirements or an enlargement of the minimum apartment size requirements. It's all very confusing. The RIAI says that in order to make the minimum room requirements possible you're looking at a minimum apartment size of about 49 sq m.

Two guesses as to what reputable architects, commentators and perhaps buyers everywhere will be angling for. Conor Skehan of the Housing Agency has predicted that developers will build larger apartments than the official requirements. But wouldn't it be better if the minimum sizes were upped to avoid any digressions?

Price watch: East Co Cork

Willowbank Court Midleton 4-bed detached	
2012	€260,000
2015	€325,000 Up 25%
Hermitage Grove Cobh 3-bed semi	
2012	€156,000
2015	€166,000 Up 6.4%
Carleton Village Youghal 3-bed apartment	
2012	€64,950
2015	€67,000 Up 3%
Eltins Wood Kinsale 4-bed semi	
2012	€210,000
2015	€250,000 Up 19%



If you want to show your home in its best light, give it a deep clean and clear away the clutter

As the property market springs back into life, we ask the experts how to maximise your chances of a sale, says Cian Molloy

Now is the best time of year to put a house or an apartment on the market. There are two annual property selling seasons in this country: spring and autumn, bookended by the Christmas break and the summer holiday season.

The spring house-buying and -selling season starts in mid to late January, when buyers enter the market with a firm resolve to either make a move or finally get on the property ladder. It can pay dividends to have your "for sale" sign up earlier than most, says David Byrne, a director at Lisney.

"In the early new year, there is a relative scarcity of properties on the market, so quite often property is at a premium. The market is at peak activity from the end of March into May and April, then it tails off in June as the summer holidays begin. Then it starts up again once the summer holidays are over," he says.

MARKETING

Talking helps, and if you talk to more than one estate agent you will get a rough estimate of what they think the property is worth on the open market; you'll ascertain what they can do for you; and you'll find out what they charge. Commissions range from 1% to 2.5% and the services offered vary — check if the price is inclusive of newspaper ads, website listings, photographic services and brochure design. Whatever

the rate quoted, it is usually exclusive of VAT, so expect to be paying another 23%.

If the commission quoted is 2.5%, do not be afraid to haggle — remember, estate agents want your business. It's worth giving agents a bigger share if they can substantially increase the value of the pot. However, if the increase is marginal, then you might end up losing money. For example, if an agent can bring in an extra €10,000 on a property that would otherwise sell for €300,000, it's well worth giving a two-point rise in commission — you will be more than €6,000 better off. But if that agent pulls in a sales increase of €2,000, you will be a couple of hundred euros poorer.

Of course, you do not actually have to hire an estate agent. For a €150 flat fee, the website sellityourself.ie gives you access to your own "for sale" sign, plus the knowhow and ability to produce your own daft.ie and myhome.ie listings; to design newspaper ads; and to produce your own property brochure.

However, there is a risk that the DIY route will produce a marketing campaign that is a bit too homemade in appearance for some potential buyers.

Des Donnelly of Hooke & MacDonald says: "Photographs are everything, and people will eliminate a property from further consideration if they don't like the look of it. Part of our service is engaging a professional photographer who specialises in taking pictures of property — and you can see the difference between a professional photo and one taken by a guy using his phone."

Sherry Fitzgerald's Steven Manek says: "Don't think that having an online 'for sale' listing is enough — there are a lot of potential buyers who learn about properties for sale primarily through the print media and the property pages.

"It will cost you a couple of hundred quid to take out newspaper adverts, but that will ensure you get the maximum number of viewings. Similarly it is well worth spending a little money on cleaning up the property, getting professionals to do a deep clean if necessary."

Especially with family homes, people buy with their hearts more than their heads, so first impressions count, says Byrne. "We'll walk around a property with the client and advise them on what work needs to be done."

When it comes to showing the property, open viewings are recommended. Several potential buyers viewing a property at the same time increases the perception that this is a property in demand. If you are selling a city centre apartment, viewings are more likely to be by appointment at lunchtime and after work. If the apartment is occupied by tenants, you may have to offer them a rent reduction to co-operate with any viewing arrangements.

As much as possible, all clutter should be put away and furniture such as armchairs and sofas should be moved to the

edges of rooms to create a feeling of space. "If you have a spare bedroom that is used as a study with a desk and a place for storing laundry, clear that stuff out and put a bed in. Also, light is a big issue. If a room is dark, people will be put off, so have the lamps on," Manek says.

THE LEGALS

Whether an estate agent is hired or not, most people will need professional help with the legal aspects of the sale. Lisney, Hooke & MacDonald and Sherry Fitzgerald all advise early engagement of a solicitor. "One of the things that regularly slow down house sales is that people don't have their documentation in order," Byrne says.

"You'll need to have your title documents. If you have a mortgage you'll need consent from your bank to sell the property. But if the house is in negative equity, you might have a problem [getting that consent]."

If you have put up an extension, you will need to be able to show the planning is in order, and you'll also need to organise a BER certificate if your home has not yet been energy rated.

Traditionally, solicitors charged 1% of the sale or purchase price but that has changed, as a growing number of legal firms charge at a lower percentage rate or offer fixed-price conveyancing services.

Solicitor Mark O'Kelly offers a conveyancing service that costs €900 in professional fees, which he says are the lowest in the country. But you will face another €400 in legal costs in the form of VAT on his professional services, property registration fees, bank and law clerk fees, printing and postage, and the hire of a commissioner for oaths.

"Under the Family Home Protection Act you can't sell a family home without the knowledge of your cohabiting partner or spouse, so you may need to sign a Family Home Protection Act declaration, and a commissioner of oaths must

witness that," says O'Kelly. "I would advise engaging a solicitor at the same time as you engage an estate agent. There is quite a bit of paperwork to get through — planning declarations, and ensuring that things such as service charges, local property tax and non-principal private residence tax are all in order and fully paid up to date."

Other cost considerations include capital gains tax liability, stamp duty and bridging finance if you are buying a new home before you sell your old one.

PRICE

When you do put your property on the market, be strategic about pricing, says Manek. "Your agent will know what price similar properties in your area are achieving, and will have a good idea of what price your property will achieve."

Strategic pricing can help draw more people in to have a look at a property, according to Manek. "Let's say similar properties are making €900,000. If you are strategic about it, you'll have an asking price of €875,000 to draw more people in to have a look."

Donnelly says it is in the negotiating stage that good estate agents prove their worth. "When you have three or four interested buyers, the negotiations might go on for two or three weeks before a deal is agreed. A skilled negotiator will get the best price possible."

And how long should the process take? The more expensive the property, the longer it will take because the market for €1m-plus homes is smaller. For mid-range properties it can take six to eight weeks between putting the house on the market and reaching "sale agreed" status. Then it is another six or so weeks to have all the necessary legal paperwork done to complete the sale.

Sell your property any quicker than that, and you might forever fear that you sold too soon at too low a price.

Environment department doesn't have a clue on housing

Over the past two years Sherlock Holmes's evil foe Professor Moriarty has been wandering the corridors of the Department of the Environment, Community and Local Government, wreaking sublime havoc and leaving several reputation-damaging debacles in his wake.

The damage has been so bad that in late 2014 an internal review was carried out. Released to RTE under freedom of information laws, the report was critical of the housing capabilities and activities of the department. Given its findings were from an internal probe, one wonders what an external investigation would have made of it. A lot more damning?

Some of the criticisms are around the disadvantages of the housing section being based in different locations, such as Ballina, Wexford and Dublin, with staff missing out on shared and informal meetings with colleagues. There were found to be unclear lines of responsibility between the different components of the housing section. This can

translate as nobody taking responsibility for anything.

Housing staff also "articulated a degree of discomfort with the Housing Agency's role". From looking at the actions or inactions of the housing section in the department and comparing it with the forward-looking output of the Housing Agency, one can see why they'd feel discomfort — nobody likes being shown up.

The report said there was a need to improve decision-making processes "so policy measures we

advise on are as good as they can be"; and it found crucial staff had been "insufficiently exploited" doing routine work.

As a result, "innovative approaches which could greatly advance the department's understanding" of housing matters had not been developed.

This is worrying, and I think has led to three serious messes created by the department. There was the development of statutory building control regulations to replace self-regulation, known as

BC(A)R. The state had previously managed to visit only a tiny proportion of all buildings as they were being constructed, so BC(A)R was intended to ensure inspections were carried out and that basic minimum requirements be met in terms of structure, fire safety and so on.

Inspections were roundly criticised, however, as an exercise in optics. They were not independent, as the assigned certifier of the building could be an employee of the developer; they managed to bring no additional consumer protection rights to the buyer; and they added about €27,000 in fees to the average cost of an apartment, and a lot more to a house — a price that is passed on to buyers.

Another kerfuffle centres on apartment size regulations. These are so badly written that required minimum room sizes do not fit into the minimum floor areas specified. They achieve an average saving of just €6,700 per apartment, which will not kick-start any construction, and in some local authorities



Only an evil genius like Moriarty, right, could write these building rules

have increased construction costs. The new smaller floor sizes are now mandatory, which means even smart planning authorities which recognise the flaws in the regulations can do little about them. Despite setting the second smallest new home size in Europe after the UK, the rules also bring in a new studio of tiny proportions

and will allow for half of all new apartments built in Ireland to be just 40 sq m.

The department argues these new apartment sizes will reduce building costs and selling prices. Yet, as any first-year property student knows, there's no relationship in Ireland between construction costs and selling

prices. Construction delays will now ensue as developers resubmit planning applications based on these minimum sizes.

The department's forward planning unit has tried to defend these size regulations. Yet, despite promises by the minister's policy adviser to release the research underpinning them, as of writing nothing has been forthcoming.

The requirement to negotiate Part V, the social housing requirement, in advance of submitting any planning application is another mess. It is leading to extra costs and significant time delays as planning applicants try to get all the various local authority players around the same table at the same time.

There are, of course, some good people involved in housing in the department, but the overriding impression is one of disconnectedness from reality, and of a lack of ability where it matters. It's difficult to engineer a situation in housing where everybody loses, but in the past 24 months the department has managed to do that, repeatedly.

LORCAN SIRR ON THE HOME FRONT

